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Testimony for the public hearing scheduled on March 1, 2011 regarding

**Raised Bill 1077 - AN ACT CONCERNING MARKET INTEREST RATES
ON CERTAIN DEPOSIT ACCOUNTS**

The **Connecticut Apartment Association (CTAA)** is the state chapter of the National Apartment Association and represents over 26,000 units, the largest number of apartments represented by any association in the state. CTAA members consist of the state's leading property management companies in the multifamily rental housing industry. The association's mission is to provide quality rental housing to residents of Connecticut. Our parent organization, the National Apartment Association, represents more than 6 million apartment homes throughout the United States and Canada.

**The Connecticut Apartment Association (CTAA) Supports Raised Bill 1077 - AN ACT CONCERNING
MARKET INTEREST RATES ON CERTAIN DEPOSIT ACCOUNTS**

The Connecticut Apartment Association supports the removal of the statutory requirement that apartment owners must pay 1.5% interest on security deposits to tenants. Currently, in these market conditions, financial institutions are paying far less than 1.5% interest and therefore apartment owners are currently required by the State to pay a higher rate of interest than they are currently receiving. This causes apartment owners to pay interest to tenants from rent received from their other tenants. Lowering the floor for security deposit interest rates is fair and in the best interest of all parties involved. The proposed bill would still require the Banking Commissioner to set the rate annually, and therefore a safeguard is still in place.

Sincerely,

Ela Lagasse
CTAA President